GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

FEBRUARY 22, 1999

U.S. and EU Grain Donations. It is being reported that recently agreed-to food donations from the United States and the European Union should begin to arrive in Russia no later March. Late last year, the U.S. announced a donation package of 3.1 million metric tons of food, while the EU package includes 1 million metric tons of wheat, 500,000 metric tons of rye, and 50,000 metric tons of rice, among other agricultural commodities. Some disagreements between the EU and Russia were apparently resolved Friday clearing the way for the March shipments. One concern of the EU included the condition that a levy on trucks delivering the food be dropped, although, according to Bertrand Soret, an EU spokesman, it was uncertain whether the deal would allow Russia to store some of the grain in silos prior to being transported to distribution points. This, the EU feared, would increase the likelihood of fraud if the aid, for example, were to be diverted to Russian markets instead of its intended recipients. Meanwhile, last week, Marcy Kaptur (D-Ohio), the ranking Democrat on the agriculture subcommittee of the House Appropriations Committee, announced her opposition to any further donations of food aid to Russia if it is not used for the advancement of agricultural reforms in Russia. According to Kaptur, the Russians will sell most of the commodities in the U.S. aid package, and most of the proceeds will go directly toward the Russian pension fund. This, Kaptur states, does "zero" to advance free-market agricultural reforms. In a related matter, grain analysts in Russia are reporting that Russia's leftover grain stocks of 5.9 million metric tons are below the food safety level. This is higher than what was officially admitted. The analysts claim that Russia intentionally underreports this figure to support its appeal for food donations and long-term loans from the West and because it lacks the funds to buy grain. According to Lyudmilla Pigina, chief grain analyst with OGO, Russia's largest grain trader, the food aid was requested because of "the government need to prevent any danger of food shortage and a sharp price rise for staple food." "There is no doubt farmers and traders have reserves. But, the amount is too difficult to calculate," states analyst Rudolf Bulavin. Analysts also report that farmers are using the grain as hard currency, selling only as money is needed for planting. Bulavin, however, expects trade to return to normal by year-end as domestic prices rise and reach the world level. *(Knight-Ridder, Reuters, AP, Feb. 18/19)*

Army Corps River Study Scrutinized. A U.S. Army Corps of Engineers study to be released in May is already receiving preliminary criticism from groups such as the National Corn Growers Association (NCGA) and the Midwest Area River Coalition. The study, assessing the economic impact of navigation improvements on aging locks along the Mississippi and Illinois Rivers, has several fundamental economic flaws, according to Paul Bertels of the NCGA. Bertels mentions one flawed premise of the Corps as being the assumption that rail rates will not increase during the next 50 years, despite an increase in traffic volume. Also, according to Bertels, although the Corps intends to address the environmental impacts of lock improvements, it fails to address the environmental impacts of competitive modes, such as that of truck and rail traffic. He also emphasizes that competitor countries, such as Argentina and China have begun infrastructure improvements which are making corn exports more efficient and cheaper than those from the U.S. The same may also soon be said for soybean exports from Brazil, Uruguay and Argentina, as these countries develop processing facilities along the Parana River, as well as in northern Brazil along the Amazon River. "We view the inefficiencies in barge traffic as a direct out-of-pocket cost for farmers," states Glenn Moeller of the NCGA. The National Corn Growers, and other farm groups, intend to quantify the costs of not making improvements to the U.S. river system. *(Reuters, USDA, Feb. 18/24)*

Corn and Soybean Production Fluctuate, Wheat Prices Pressured. Government loans and decreased growing costs are likely to push soybean production beyond the record acreage of last year, according to Mike Yost of the American Soybean Association. Yost reported that he expects the 1999-2000 acreage figure to reach 74-75 million, compared to 72.4 million acres planted during 1998-99. Meanwhile, Roger Pine, president of the National Corn Growers Association, expects the 1999-2000 corn acreage to decrease to 78-79 million acres. Wheat prices will remain under pressure due to abundant world supplies, weak global demand, and minimal crop problems. With th e EU aggressively marketing and selling wheat to buyers in Egypt and Pakistan, the U.S. is hoping that China will make a purchase large enough to influence U.S. prices. *(Knight-Ridder, Reuters Feb. 17/18)*

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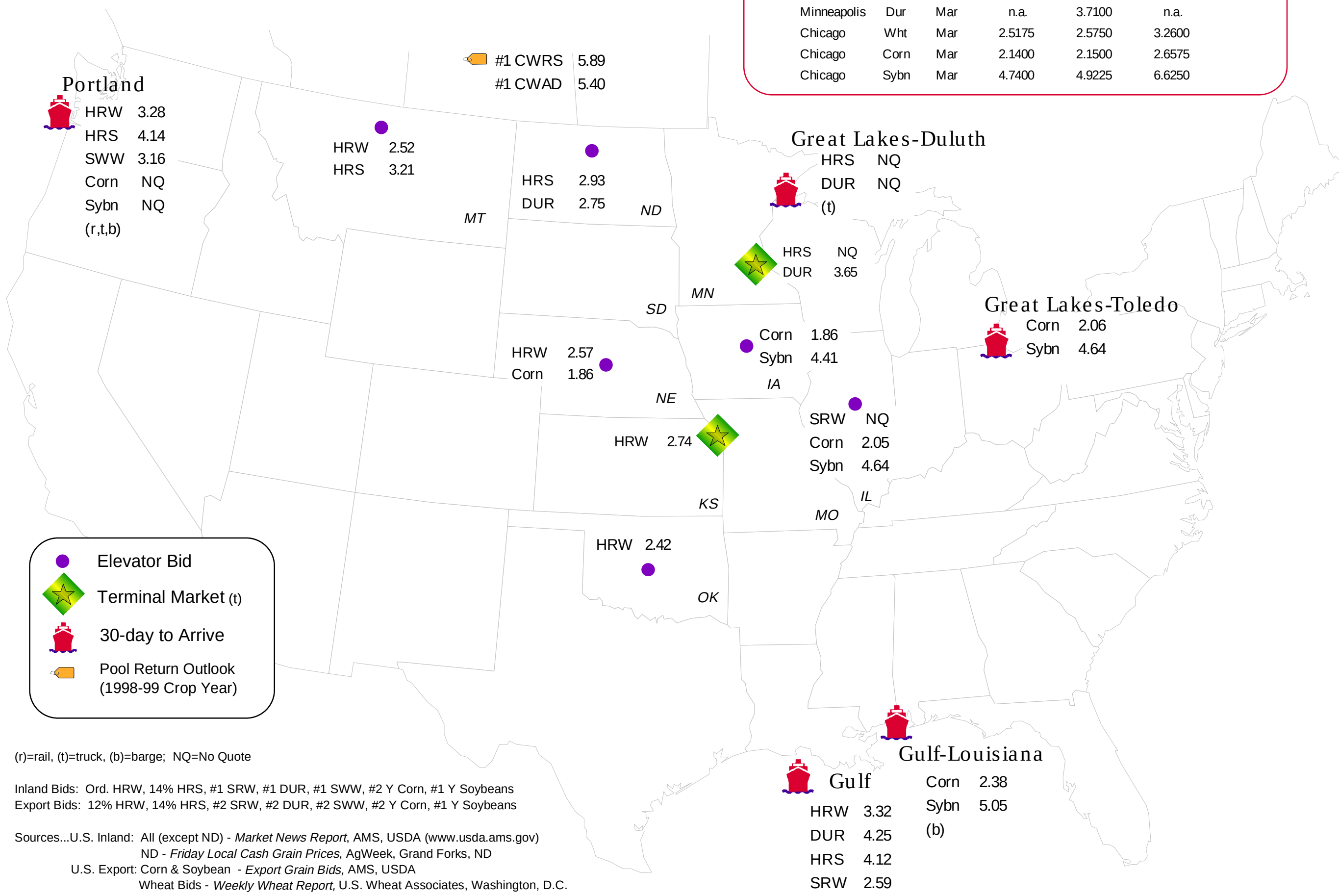
Grain Bid Summary

Futures:			02/22/99	Week Ago 02/12/99	Year Ago 02/23/98
Kansas City	Wht	Mar	2.8425	2.9275	3.4200
Minneapolis	Wht	Mar	3.3200	3.4725	3.7225
Minneapolis	Dur	Mar	n.a.	3.7100	n.a.
Chicago	Wht	Mar	2.5175	2.5750	3.2600
Chicago	Corn	Mar	2.1400	2.1500	2.6575
Chicago	Sybn	Mar	4.7400	4.9225	6.6250

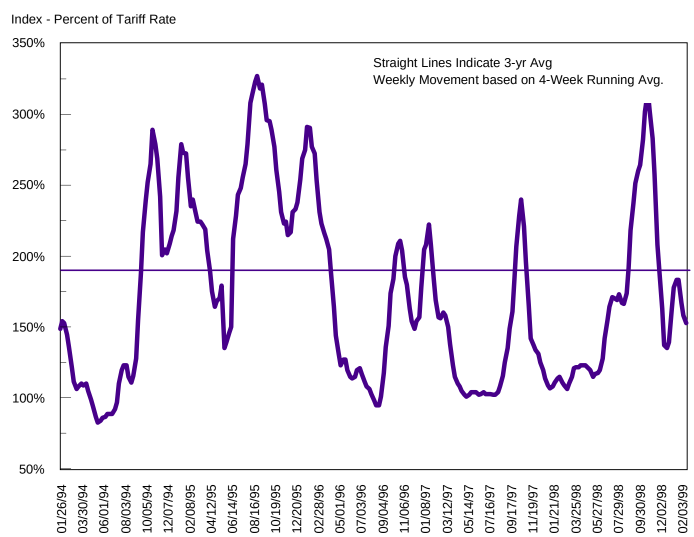


(r)=rail, (t)=truck, (b)=barge; NQ=No Quote

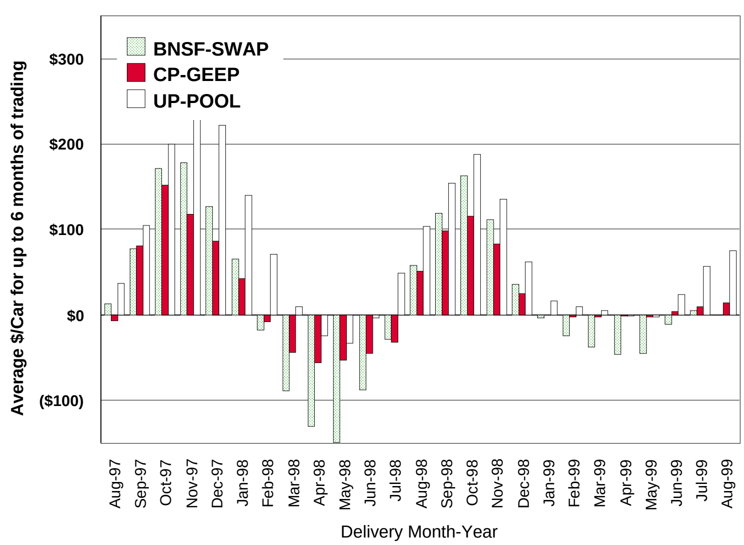
Inland Bids: Ord. HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans
Export Bids: 12% HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

Sources...U.S. Inland: All (except ND) - *Market News Report*, AMS, USDA (www.usda.ams.gov)
ND - *Friday Local Cash Grain Prices*, AgWeek, Grand Forks, ND
U.S. Export: Corn & Soybean - *Export Grain Bids*, AMS, USDA
Wheat Bids - *Weekly Wheat Report*, U.S. Wheat Associates, Washington, D.C.
Canada: Bids in CAN$, Canadian Wheat Board, Winnipeg (www.cwb.ca)

Spot Barge Rate - Illinois River



Secondary Rail Market Bids



See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Rail Car 'Auction' Offerings

Delivery for:	Mar-99			
	Offered	% Sold	Offered	% Sold
BNSF-COT	5,764	12%	5,400	5%
UP-GCAS	5,000	17%	5,400	2%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market
Average Premium/Discount to Tariff, $/Car - Last Week

	Delivery Period			
	Mar-99	Apr-99	May-99	Jun-09
BNSF-GF	$0	$(59)	$(55)	$(14)
CP-GEEP	$(13)	$(14)	$(14)	$2
UP-Pool	$0	$(5)	$5	$29

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results
Average Premium/Discount to Tariff, $/Car - Last Auction

Delivery for:	Mar-99	Apr-99	May-99
COT/N. Grain	no offer	no offer	no offer
COT/S. Grain	no offer	no offer	no offer
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	$1	no bid	no bid

Source: T&M/AMS USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal Values*
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
2/22/99	Illinois River	twk	140
	St. Louis	twk	115
		nwk	117.5
	Mid Miss.	30 day open	150

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

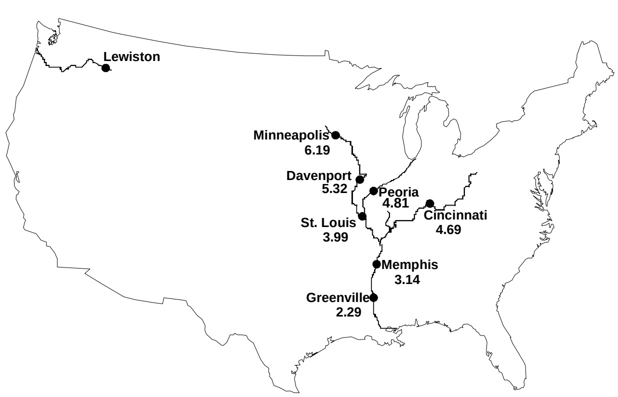
twk=this week
nwk=next week

Southbound Barge Freight Spot Rates

	2/17/99	2/10/99	March '99	May '99
Twin Cities	nq	nq	191	173
Mid-Mississippi	nq	nq	154	140
Illinois River	141	154	143	130
St. Louis-Cairo	120	116	113	108
Lower Ohio	123	116	119	114
Cairo-Memphis	111	107	106	104

Source: Transportation & Marketing /AMS/USDA
nq- no quote

Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'



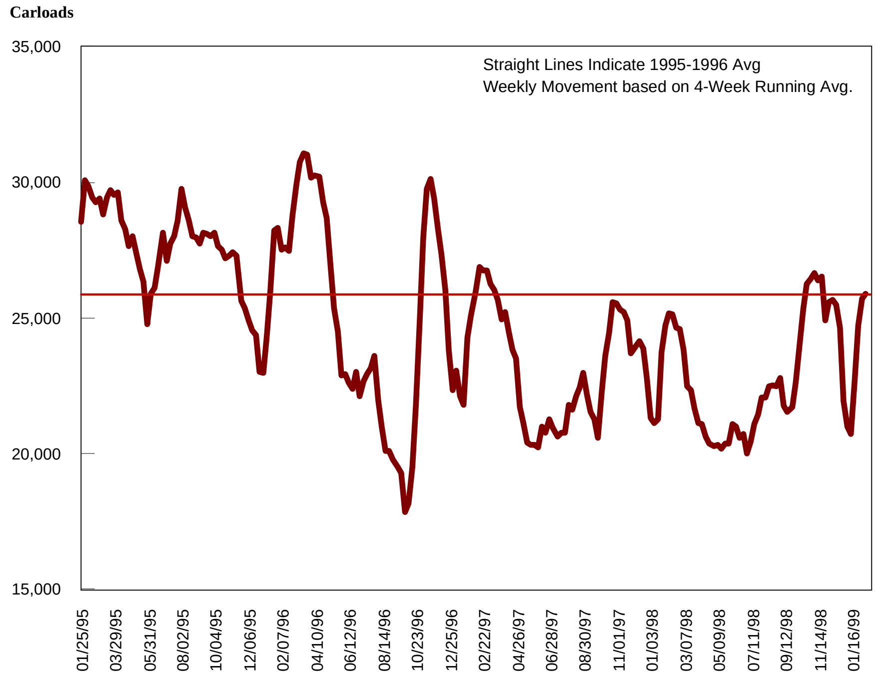
Class I Railroad Grain Car Loadings

Week Ending:	Carloads
1/30/99	26,135
2/6/99	26,292
2/13/99	25,542
Year to Date - 1999	150,836
Year to Date - 1998**	150,039
Total 1998**	1,183,860
Total 1997*	1,199,995

Source: American Association of Railroads

**1998 - 52 weeks
* 1997 - 53 weeks

Grain Car Loadings for Class I Railroads



Class I Rail Carrier Grain Car Bulletin

Carloads

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
02/13/99	970	2,852	1,515	2,838	8,989	488	7,890	2,199	3,006
This Week Last Year	782	2,892	1,236	2,640	9,786	712	6,552	2,918	3,980
1999 YTD	4,288	15,884	8,702	16,082	52,731	4,463	48,686	11,052	17,989
1998 YTD*	5,007	16,185	7,533	16,064	57,973	4,237	43,040	17,153	24,399
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: American Association of Railroads

**1998 - 52 weeks
* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

February 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
02/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	$2,150	$19.51	$0.65
02/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	$4,442	$40.31	$1.33
02/01/99	46540	Wheat	Kansas City, MO	Houston, TX	$1,850	$16.79	$0.56
02/01/99	43586	Wheat	Kansas City, MO	Portland, OR	$4,226	$38.35	$1.27
02/01/99	43581	Wheat	Omaha, NE	Portland, OR	$4,205	$38.16	$1.26
02/01/99	31040	Corn	Minneapolis, MN	Portland, OR	$2,865	$22.87	$0.80
02/01/99	31035	Corn	Kansas City, MO	Portland, OR	$3,100	$24.74	$0.87
02/01/99	31040	Corn	Omaha, NE	Portland, OR	$2,485	$19.83	$0.70
02/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	$3,330	$30.22	$1.00
02/01/99	61180	Soybean	Omaha, NE	Portland, OR	$3,030	$27.50	$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	$2,780	$25.23	$0.83

Source: www.bnsf.com
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

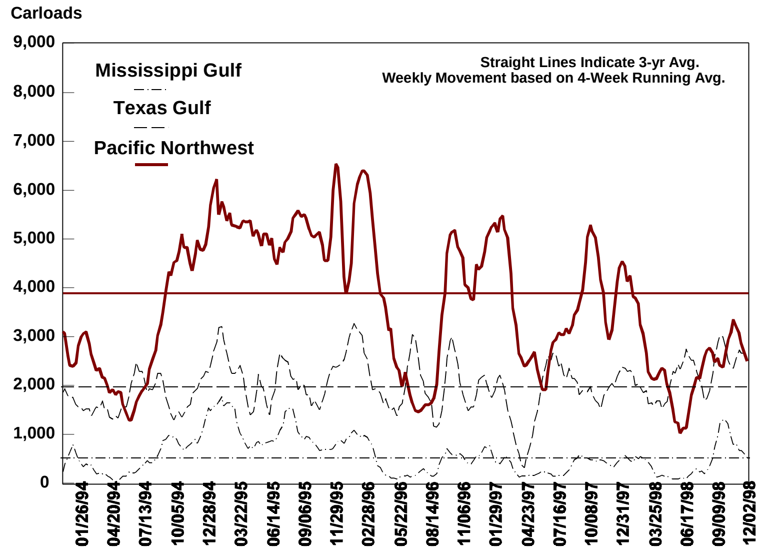
Rail Deliveries to Port
Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
01/06/99	442	2,740	2,641	53
01/13/99	764	2,519	2,253	329
01/20/99	840	2,990	2,533	589
01/27/99	1,055	3,069	2,607	682
02/03/99	776	2,623	2,121	421
02/10/99	898	2,906	2,298	291
YTD 1999	4,775	16,847	14,453	2,365
YTD 1998	2,620	12,855	23,054	2,356
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

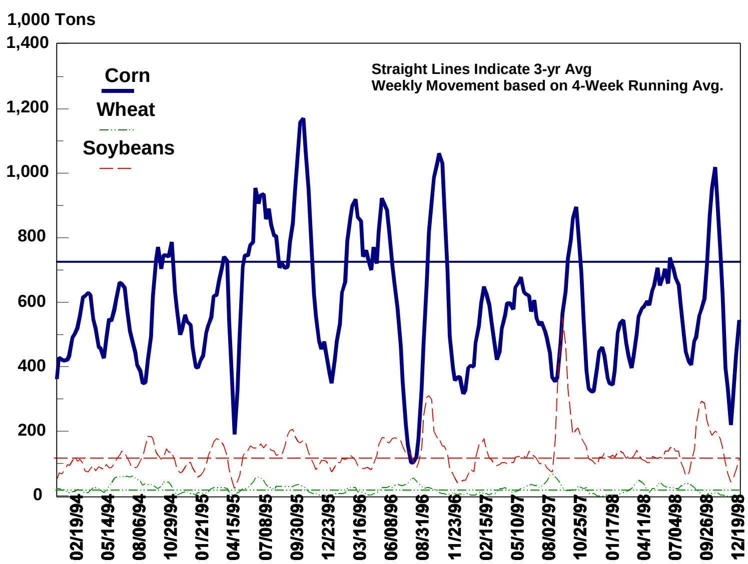
Source: Transportation & Marketing/AMS/USDA

***Note:** Data prior to 12/30/98 has been revised. More recent data has been estimated.

Rail Deliveries to Port



Barge Movements - Locks 27



Barge Grain Movements
for week ending 02/13/99

	Corn	Wht	Sybn	Total
		1,000 Tons		
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	0	0	0	0
Alton, IL (L26)	646	8	161	818
Granite City, IL (L27)	661	8	171	843
Illinois River (L8)	644	2	138	785
Ohio (L52)	80	7	46	236
Arkansas (L1)	0	31	6	37
1999 YTD	2,768	106	932	4,438
1998 YTD	2,436	152	699	4,015
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Miss/25 closed for rehabilitation (12/15/98-3/2/99).
Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	Wheat						Corn	Soybean	Total
	HRW	*SRW*	*HRS*	*SWW*	*DUR*	*All*			
Unshipped Exports-Crop Year									
02/11/99	1,429	322	868	549	154	3,323	8,557	3,526	15,406
This Week Year Ago	1,408	374	880	522	129	3,313	6,662	3,326	13,301
Cumulative Exports-Crop Year									
98/99 YTD	7,674	1,387	4,762	4,253	672	18,748	20,274	13,075	52,097
97/98 YTD	7,211	4,151	4,503	4,273	981	21,120	17,189	17,049	55,358
96/97 Total	2,595	1,643	1,432	1,240	361	7,271	43,991	24,273	75,535
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

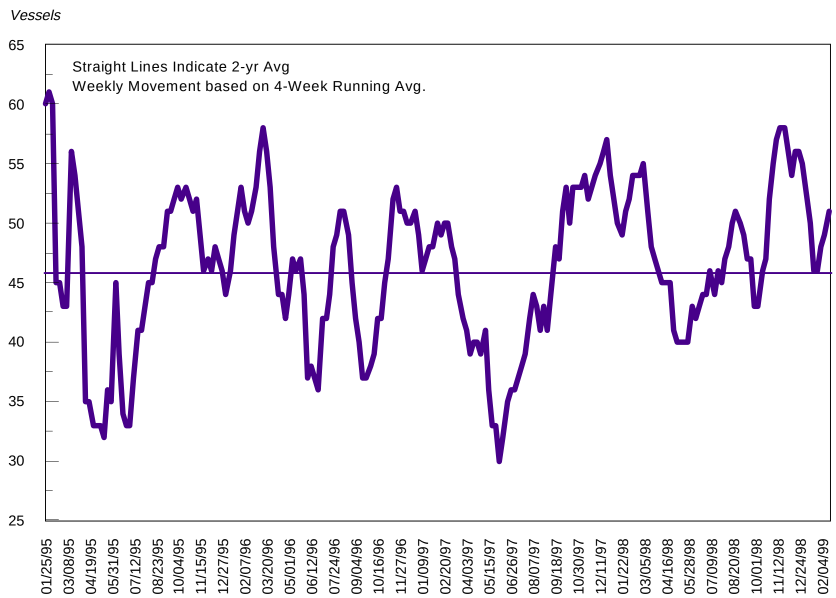
	Pacific Region			Mississippi Gulf			Texas Gulf		
	Wheat	*Corn*	*Soybean*	*Wheat*	*Corn*	*Soybean*	*Wheat*	*Corn*	*Soybean*
02/18/99	164	182	20	100	525	395	155	9	51
1999 YTD	1,418	804	45	630	4,186	2,648	1,170	52	379
1998 YTD *	1,452	1,049	102	959	3,772	3,328	883	0	338
% of Last Year	12%	23%	0%	16%	13%	15%	13%	17%	13%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service * YTD-Year-to-Date (‘98 = 53 week period)

Select Canadian Ports - Export Inspections
1,000 Metric Tons, Crop Year

	Wheat	Durum	Barley
Week Ended: 02/18/99			
Vancouver	2,469	466	207
Prince Rupert	996	6	0
Prairie Direct	431	244	133
Thunder Bay	295	93	144
St. Lawrence	1,084	864	0
1999YTD Exports	5,583	1,683	484
1998 YTD Exports	10,022	2,312	1,380
% of Last Year	56%	73%	35%

Souce: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31

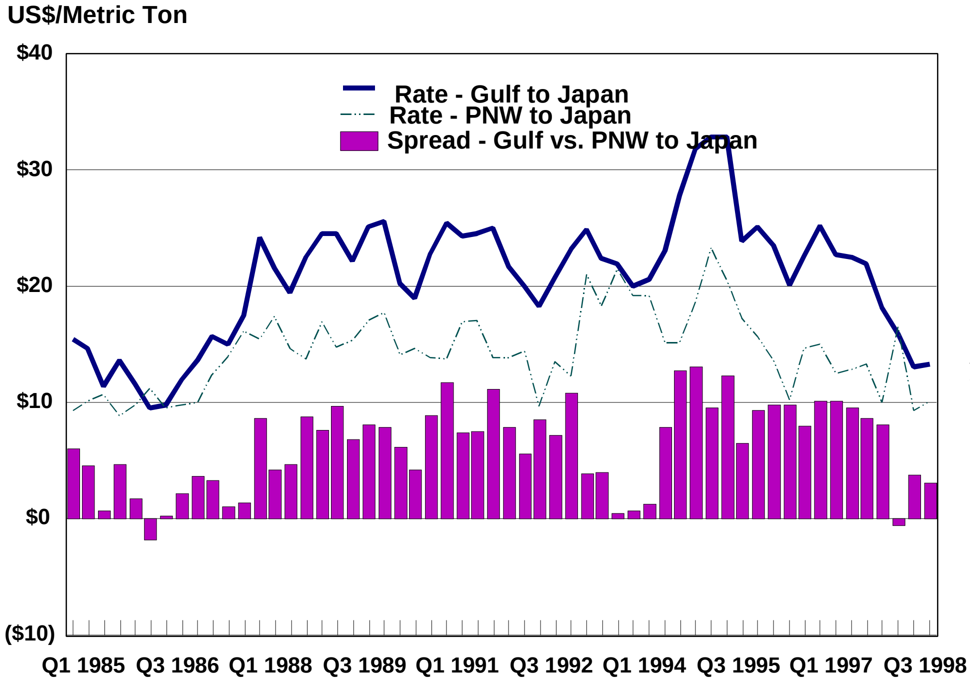


Gulf Region Vessels Loaded - Past 7 Days-

Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
02/11/99	45	54	73	9			16	7	4
02/18/99	47	51	71	13			13	9	3
1998 Range	(19..62)	(34..64)	(40..93)						
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61						
1997 Avg	33	45	58						
1996 Avg	38	46	62						

Source: Transportation & Marketing /AMS/ USDA



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates
Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1998 4th Qtr	1997 4th Qtr	% Change		1998 4th Qtr	1997 4th Qtr	% Change
Gulf to				**Pacific NW to**			
Japan	$13.33	$22.01	-39%	Japan	$10.17	$13.34	-24%
Mexico	$14.41	$13.97	3%	Red Sea/ Arabian Sea		$20.18	
Venezuela	$10.87	$13.59	-20%				
N. Europe	$8.81	$11.34	-22%				
N. Africa	$15.26	$14.80	3%	**Argentina to**			
				N. Europe	$12.56	$16.12	-22%
				Japan		$23.23	

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 02/20/99

Export Region	**Import Region**	**Grain**	**Month**	**Volume Loaded** (Tons)	**Freight Rate** ($Ton)
Gulf	Ireland	Grains	February	23,000	$13.75
Gulf	Egypt	Heavy Grain	Prompt	50,000	$9.25
Gulf	Phillippines	Meals	Mar./Apr./Oct.	55,000	$13.60
Gulf	Taiwan	Heavy Grain	Feb./March	54,000	$14.90
Gulf	Japan	Heavy Grain	March	54,000	$14.60
PNW	Pakistan	Wheat	February	49,600/50,400	$41.62-57.17(MT)
Paranagua	Lisbon/Hamburg	Grains	March	31,300	$15.50
River Plate	Spain (Med.)	Grains	February	36,000	$15.50
Hamburg	Tunisia	Wheat	Prompt	25,000	$12.00
Black Sea	So. Korea	Wheat	February	50,000	$12.50

Source: Maritime Research Inc.